1952.

File No. 0. Negotiable Instruments

Legal Deptt. 52

A **BRANCH**

p.3(E)

Subject:— Opinions under the Negotiable Instruments Act, 1881

File No. 0. Negotiable Instruments — 52.

Gen. 194 A

577-A

CONTENTS.

Legal Department File No. O. Negotiable Instrument/52

Ser.No.	R.I./O.No.	Subject	Pages
		Opinions under the Negotiable Instrument Act 1881.	
1.	O.No. 10677 1-7-52	Whether the vouchers issued by the organizers of the various prize competitions are documents which can be validly issued.	1-3

RA.K.
19-6
5 copies

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The question raised for the consideration of the Remembrancer of Legal Affairs is whether the vouchers issued by the organizers of the various prize competitions pages 19A to 19U, 21A to 21E, 23A, 23B and 25A are documents which can be validly issued.

2. All the vouchers in this file except the one issued by the St. John Baptist Prize Competition (page 25A ante) are almost similar in terms. They state that they are receipts for cash paid and may be sent to cover entry fees of the specified amounts; and can be used within a fixed period from the date of issue. These vouchers are issued for the convenience of the competitors who can attach them to the entry forms to show that they have paid the entrance fee. The Deputy Secretary, Finance Department in his note at page 26 ante has raised the question whether the vouchers cannot be considered to be negotiable or non-negotiable instruments with money value. A negotiable instrument as defined in section 13(1) of the Negotiable Instruments Act, 1881, means a promissory note, bill of exchange or cheque payable either to order or to bearer. These vouchers are not promissory notes as there is no undertaking to pay money; nor are they bills of exchanges as there is no direction to pay money; nor cheques. They appear to be receipts in respect of the payments made. A receipt means a writing whereby any money is acknowledged to have been received (Cf. section 2(23) of the Indian Stamp Act,189). Although most of them do not use the specific terms" Received from..... .....Rs....."etc. as stated by the Deputy Secretary, Finance Department they clearly show that the holder or the person whose name is shown in the column has paid the amount of the entrance fee.

3. As regards the voucher issue by the St. John Baptist Prize Competition (page 25A ante) it is true that it-----

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14-6/4c.

it does not mention the name of the competitor; but all the same it indicates that the holder thereof has paid a sum of four annas. Besides from the mention of the drawing date thereon it is apparent that these vouchers can be utilised for the purposes of one particular competition. The Deputy Secretary, Finance Department states that this voucher is an illegal instrument inasmuch as it is of the type of a stamp or a currency note. Under the Indian Stamp law stamp duty is recoverable both by means of impressed stamps or adhesive stamps. The use of the stamps on contracts etc. made in writing is compulsory with a view to raising revenue. The voucher in question does not however appear to be of that nature. It cannot be used for postage or revenue purposes. On the contrary the mentioned on it of the date of drawal shows that it can be used only in respect of the competition to be drawn on that date; and that the holder has paid the sum of annas four with a view to qualifying himself to enter into that competition. Nor can it be said that the voucher in questio is a currency note. Currency notes are in the nature of promissory notes issued by order of the Government of India payable to bearer on demand for the sums indicated. There is nothing to indicate that the voucher is issued by the Government. This voucher too appears to be a receipt for money received.

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1-7

O.C. Remembrancer of Legal Affairs.

U.H. to F.B .No. 10577, dated the 1st July 1952.

S.A.K.
14-6

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